

Message Text

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ACTION EB-11

INFO OCT-01 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04

RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

USIA-15 PRS-01 SPC-03 OMB-01 OIC-04 AF-10 ARA-16

EA-11 EUR-25 NEA-10 ISO-00 DRC-01 /230 W

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TO SECSTATE WASHDC 2876

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E.O.11652 NA

TAGS ETRD GATT

SUBJ GATT COUNCIL: RULES OF ORIGIN

REF A) GENEVA 5622; B) STATE 196921

1. US PROPOSAL FOR WORKING PARTY ON RULES OF ORIGIN
(REFTEL A) WILL BE CONSIDERED AT COUNCIL MEETING
DECEMBER 19.

2. TERMS OF REFERENCE WE PROPOSED FOR WP, WHICH
REMAIN BEFORE COUNCIL, ARE THOSE IN REFTEL B AND OCTOBER
POSITION PAPER, I.E. TO (A) CARRY OUT DETAILED EXAMINATION
AND ANALYSIS OF PROBLEM OF TRADE DEFLECTING AND
RULES OF ORIGIN IN FREE TRADE AREAS AND OF GATT RULES
RELATING THERETO, WITH SPECIAL REFERENCE TO EC-EFTA
COUNTRY AGREEMENTS, AND (B) REPORT TO COUNCIL.

3. IF PARTIES TO AGREEMENTS (NOTABLY EC) AGREE TO WP,
WE HAVE NO IMMEDIATE PROBLEM. THEY MIGHT AGREE MORE
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READILY IF WE COULD DROP FINAL PHRASE OF OCT PROPOSAL

"WITH SPECIAL REF TO EC/EFTA COUNTRY AGREEMENTS".
WE WOULD THEN EXPECT IN DUE COURSE TO DISCUSS WITH
SECRETARIAT AND INTERESTED COUNTRIES OUR THINKING ON
SCENARIO FOR WP ON BASIS OCTOBER POSITION PAPER AND
ANY FURTHER GUIDANCE.

4. IF EC OR OTHERS ARGUE IN COUNCIL THAT WPS ON EC-EFTA
COUNTRY AGREEMENTS HAVE EXPLORED RULES OF ORIGIN
EXHAUSTIVELY AND PRESS FOR EXPLANATION OF WHAT WE WOULD
EXPECT NEW WP TO DO IT MAY BE USEFUL TO INDICATE SORTS
OF ANALYSIS WE ARE CONSIDERING. WE COULD MENTION IN
THIS CONTEXT PAPERS LISTED IN OCTOBER POSITION PAPER, E.E.
(A) NEGOTIATING HISTORY OF RELEVANT GATT PROVISIONS,
(B) ANALYSIS OF ORIGIN RULES IN FTAS EXAMINED IN GATT
AND EXPERIENCE UNDER THEM AND (C) ANALYSIS OF ALTERNATIVE
WAYS OF HANDLING TRADE DEFLECTION PROBLEM. OTHER POSSIBILITIES
WOULD BE (D) COMPARISON OF PRESENT RULES WITH
OLD EFTA RULES AND (E) ANALYSIS OF ORIGIN RULES UNDER
PRESENT AGREEMENTS IN RELATION TO SPECIFIC TARIFF DIFFERENTIALS.
OUR PRESENT INCLINATION WOULD BE TO MENTION
(A) AND (B) ABOVE FIRST IN BELIEF THEY WOULD BE LESS
ALARMING TO EC IF THERE IS STILL CHANCE OF EC
AGREEMENT.

5. FINALLY, WE WILL HAVE TO CONSIDER WHAT FURTHER
AVENUES WE CAN FOLLOW IF EC FIRMLY REJECTS WP. MISSION
IS INCLINED TO THINK BEST APPROACH MIGHT BE CONSULTATION
UNDER ARTICLE 22:1. UNDER PROCEDURES ADOPTED 10 NOV
1958 (7 BISD 24) OTHER INTERESTED PARTIES MAY BE BROUGHT
INTO CONSULTATION, WHICH WOULD ENABLE OTHERS SUCH AS
JAPAN, CANADA AND BRAZIL TO JOIN, AND SECRETARIAT MAY
PROVIDE REQUESTED ASSISTANCE. SUCH CONSULTATION WOULD
BE HARDER FOR EC TO RESIST IN VIEW OF WORDING OF
ARTICLE 22 AND COULD BE FOCUSED MORE SPECIFICALLY ON
EC RULES THAN MORE GENERAL WP. (OF COURSE UNDER
THIS OR ANY OTHER PROCEDURE WE WOULD BE DEPENDENT ON
EC ATTITUDE FOR ANY REAL PROGRESS.) THIS PROCEDURE WOULD PERHAPS
BE MORE LOGICAL THAN PURSUING ISSUE IN NORWAY CONTEXT
SINCE NORWAY AGREEMENT IS ONLY ONE OF SEVERAL AND, MORE
IMPORTANT, WOULD BE MORE LIKELY TO MAINTAIN PRESENT
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RELATIVELY FAVORABLE ATTITUDE OF EFTA COUNTRIES, WHICH
WE THINK MIGHT TEND TO RESENT INDEFINITE DELAY IN ACTION
ON NORWAY (AND PERHAPS FINLAND) AGREEMENT. IF THIS
COURSE FOLLOWED, PRESUMABLY WE COULD MAKE BILATERAL
APPROACH TO PARTIES TO AGREEMENTS, INFORMING DIRECTOR
GENERAL, EARLY NEXT YEAR.

6. WE COULD OF COURSE DECIDE LATER WHETHER TO REQUEST

CONSULTATION UNDER 22:2 IF 22:1 CONSULTATION DID NOT
PROCEED IN SATISFACTORY MANNER.BASSIN

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